

Statement of Kelvin Smyth
NewPage Corporation
December 8, 2005

On HB 5453, 5454, 5456, 5457, 5458, and 5462

Good morning Mr. Chairman and members of the committee.

My name, again, is Kelvin Smyth. I am the government and community affairs manager for NewPage Corporation — Escanaba operations. We operate a fully integrated pulp and paper mill in the central Upper Peninsula. Some of you may recognize us from our previous names — Mead or MeadWestvaco.

The NewPage mill in Escanaba produces about 750,000 tons of coated paper annually. It is produced on three paper machines from pulp made in our two pulp mills. We also produce most of our own power using wood wastes, coal, natural gas and fuel oil. Our paper is used in quality textbooks, catalogues, magazines and promotional materials.

Our facility is world class by most standards. Our competition, traditionally North American has become world-wide over the last ten years.

We very much appreciate the time this committee has taken to understand the challenges we face, and to help us find ways to meet those challenges.

The package of bills passed last year, under your leadership Mr. Chairman, are beginning to have a positive impact. I am hopeful that the Michigan Forest Finance Authority, which was renewed as part of that package, will aggressively access the funds recently approved as part of the jobs package, to improve the management of our state forests.

As you are well aware, Mr. Chairman, the state of Michigan has the largest surplus of standing timber in the nation. The restrained supply, meanwhile, has caused our fiber costs to also lead the nation.

As a location, our mill competes with sister facilities in Maine, Kentucky and Maryland. Each of those has lower fiber costs. That makes our competition difficult.

We need to make more of that fiber surplus available to the marketplace. Addressing factor limits, as HB 5453 attempts, will jump start that process. We also are hopeful that foresters hired through last year's legislation will reduce the number of acres limited by those 40 factors.

Moreover, we need to create incentives for more, small private landowners to market their timber and better manage their property. We hope that passage of HB 5457, 5458 and 5462 will begin to address that concern.

And although my company is no longer a major landowner, keeping the levees under the Commercial Forest Act manageable as 5454 and 5455 does, will help prevent further cost increases on our fiber purchases.

HB 5456, dealing with renaissance zones move prove valuable fr new construction and expanded facilities. However, until more fiber becomes available, such expansions are unlikely. Mr. Chairman, we seriously need :

- certainty of fiber supply
- at competitive prices
- over time.

We believe last year's legislation started us in that direction. Further, we are hopeful that this package, when enacted, will help continue the journey. We will continue to review the package and offer comments as you begin to move it. Once again, thank you, and the committee for your continued leadership.

I appreciate the opportunity to address. I'd be happy to answer any questions you might have at the appropriate time. Thank you.